

**MINUTES OF THE JOINT CAPITAL FACILITIES AND ADMINISTRATIVE
SERVICES APPROPRIATIONS SUBCOMMITTEE**

Monday, January 29, 2001, 3:00 p.m.

Room 131, State Capitol Building

Members Present: Rep. Gerry Adair, Co-Chair
 Sen. Beverly Evans, Co-Chair
 Sen. Mike Dmitrich
 Rep. Jeff Alexander
 Rep. Roger Barrus
 Rep. DeMar "Bud" Bowman
 Rep. David Clark
 Rep. Greg Curtis
 Rep. Brent Goodfellow
 Rep. Ty McCartney
 Rep. Loraine Pace

Members Absent: Sen. John Valentine
 Rep. Ralph Becker
 Rep. Kevin Garn

Staff Present: Kevin Walthers, Fiscal Analyst
 Jonathon Ball, Fiscal Analyst
 Sharon Johnson, Secretary

Committee Co-Chair Evans called the meeting to order at 2:01 p.m.

1. ITS (Tab 13, 17)

Ms. Ireland introduced Leon Miller, ITS. Jonathon Ball presented a slide presentation on the Division of Information Technology Services. He explained that a new appropriation process is in place which allocates a base budget but no new revenue. Any funding increases within the budget would have to be shifted from another area. If the committee wants to fund something with new revenue then the item needs to be placed on the priority list.

Tab 13:

Mr. Ball presented his recommendation for Automated Geographic Reference Center (AGRC). AGRC coordinates geospatial data and serves federal, state and local government. The General Fund does not cover the total cost of the State Geographic Information Database (SGID). The Analyst recommends the base of \$376,600. This is only a portion of what is really needed but he suggested the other \$300,000 come from the priority list. Mr. Miller told the committee that getting the funding for AGRC has been difficult. The IT Commission has recommended to Executive Appropriations that \$676,600 of base money be ongoing.

MOTION: Rep. Pace moved to approve the analyst's recommendation for AGRC of \$376,600, Tab 13, page 9

SUBSTITUTE MOTION: Rep. Goodfellow moved to approve \$676,600, which is the full amount needed for this program. Rep. Adair stated a conflict of interest as this information will affect redistricting. Jonathon Ball clarified that if the motion passes, the committee will need to shift \$300,000 in the base budget to meet this motion. Rep. Clark asked for clarification about the base budget and priority list. Rep. Pace expressed support for the substitute motion. The motion passed unanimously with Reps. Curtis and Alexander absent at time of voting.

Mr. Ball told the committee that although the initial recommendation was to place the \$300,000 on the priority list, by scrutinizing expenses it would be possible to only ask for \$103,000. Ms. Ireland responded that ITS could not justify a reduction of that amount. Rep. Clark commented that if there is an opportunity for savings then it should be explored.

Tab 17:

Mr. Ball explained the budgeting method for ISF funds and the balancing act between establishing rates and expenditure controls. Capital Outlay Authorization is one of these controls but it can be inflated which allows agencies to spend more than necessary. He also explained the role of retained earnings and the incentives/disincentive for agencies to save or spend. Mr. Ball said that while ITS' Capital Outlay has in the past been inflated by as much as 46% ITS estimates it will spend 30% more than allocated for FY 2001. The Analyst recommends reducing the FY 2002 Capital Outlay by 20% to avoid over-expenditure on capital. Ms. Ireland commented on the role of the state rate committee for Internal Service Funds and that the committee's bias is to manage well financially. Rates are projected 24 months in advance and the rate committee feels that ITS has not abused its outlay. Rep. Barrus commented on the two largest DAS expenditures which are labor and ITS. Mr. Miller responded to budget questions and Ms. Ireland commented on oversight of ITS. ITS is audited and rates for services are compared to private sector in region and country. She also commented about uncertainty for capital expenditures because the target is so far out. Mr. Miller clarified that the figures discussed are an anomaly and this year the carry over of projects is greater. Last year they dropped regular work to deal with Y2k issues and were paying back money to General Fund.

Rep. Clark commented on controlling the budget. Ms. Ireland maintained that flexibility is important and ITS has been responsible in past. Rep. Goodfellow commented on underspending in ITS and Rep. Pace asked for further clarification of Y2k activities.

MOTION: Rep. Goodfellow moved that the analyst and ITS come to an agreement by Wed., Jan. 31, that will present a figure in between the two interests. The committee did not vote on the motion.

Mr. Ball commented on billing in ITS and the fact that there is not managerial review as bills are paid. He stated that it is hard to receive market signals without transaction feedback. The Analyst recommends an on-line application for billing and approval using InnerWeb, the state's intranet site. This will not only save on printing and distribution costs but would provide feedback from customers. Ms. Ireland and Mr. Miller agreed with the analyst and it was determined that a motion is not required and the committees will see improved results next year.

MOTION: Rep. Adair moved that this on-line process be approved. Rep. Goodfellow stated that intent language will be available on Wed. in conjunction with the other ITS recommendations. The motion passed unanimously with Reps. Curtis and Alexander absent at time of voting.

Mr. Ball next presented the use of Video Conferencing. This technology was funded under ITS and it was expected that the costs would be recovered. ITS is projecting a loss in the future and video conferencing is not being used significantly. He recommends that capital expenditures be limited until utilization is increased and the costs can be recovered. Rep. Pace asked about video conferencing and Mr. Miller responded that closed conferencing is recovering its cost but the consortium of agencies using a different type is not. This group has already taken steps to address the low utilization and cost recovery. Ms. Ireland commented on the low rate that was first established and eventual recovery of costs. Rep. Barrus commented on travel time to use conferencing and the locations of sites. Mr. Miller responded that there are sites all over the state. Rep. Barrus encourages using the technology. Ms. Ireland commented that many duties are not viable for conferencing and it will take time for this to take off. Rep. Pace asked if there any overt mechanisms in place to improve usage. Mr. Miller said the consortium is looking at this. Sen. Evans commented that the recommendation from analyst is a modest one to stop putting money in until they see a turnaround in usage. It was determined that this issue will also be addressed on the 31st.

Tim Slocum, Dept. of Corrections, explained that Corrections is a heavy user of teleconferencing. They use it to reduce inmates travel, training, medical use and inmate programming. Corrections uses ITS' bridge service and hope to expand TEOPs, a third system that they use. He questioned if this recommendation would limit their expansion. Mr. Ball responded that it would only limit them if ITS' utilization is more than 100%.

The final recommendations on Tab 17, Page 23 of \$52,669,200 for ITS will be deferred until Wed., Jan. 31st.

2. 800 MHz Conversion (Tab 7)

Mr. Ball told the committee that due to the Federal Telecommunication Act of 1996, Utah has chosen to move to a new bandwidth rather than limit use of the current bandwidth. This requires

the purchase of new radios and consoles to operate on this frequency. The Analyst recommends \$262,400 ongoing and \$1,152,500 one time funding on the priority list. This amount is less than the amount recommended by governor and requested by agencies but it fits within estimates made three years ago.

Steven Proctor, Executive Director of UCAN, reported on the facilities and number of radios being used. This system will connect Wasatch Front dispatch centers and UCAN is planning partnerships with the 2002 Olympics. Equipment that will be purchased will remain in Utah and then UCAN would be able to expand into rural areas and the extra radios will be used throughout the state.

Mr. Proctor demonstrated an analog and digital radio using the signal on City Creek Peak. He introduced the Chairman of UCAN board, Gary Whatcott. Rep. Barrus commented on the history of federal mandates and inquired about how the radios were purchased. Mr. Proctor stated that through the state procurement system a bid was sent out and Motorola was selected as the vendor. It is a closed system, which means they can't switch between vendors. Now UCAN has a second vendor that can work on this network so there is no longer a monopoly.

MOTION: Rep. Pace moved to place 800 MHz Conversion budget for \$262,400 ongoing and \$1,152,500 one-time funding in Finance Mandated be placed on priority list along with the Intent language on Page 9.

"It is the intent of the Legislature that funds provided for 800 MHz Conversion be allocated among State agencies by the Chief Information Officer in consultation with the Director of Information Technology Services according to the following criteria:

- 1. New ongoing funds shall be distributed to agencies such that total ongoing resources for each agency are sufficient to pay annual service fees on radios purchased with prior year appropriations;*
- 2. One-time and remaining new ongoing funds shall be distributed to agencies for purchase of additional radios and payment of annual service fees.*

It is further the intent of the Legislature that funds provided to the Division of Finance for 800 MHz Conversion in previous years are nonlapsing and that those nonlapsing funds not used to pay service charges be used to purchase radio equipment."

Mr. Slocum, Corrections, commented that this would significantly affect them and they would be unable to finish Phase I radio purchases. Sen. Evans commented that each agency budget should take care of their purchases. Mr. Ball responded that this budget is based on projections from three years ago and it is \$1.5 million short of agency and governor requests.

The motion passed unanimously with Rep. Curtis and Sen. Dmitrich absent at time of voting.

3. UCAN Federal Grants

Mr. Ball presented information to the committee regarding federal grants received by UCAN and service fees. The Analyst recommends the intent language on Page 11 to address the disparity between state and local rates. Mr. Whatcott said that the rates were set last July and that they would be reestablished. The state rate was accepted and members on the board felt it was fair and reasonable. The state uses a wider area than do the local agencies, therefore they have a higher rate. He discussed the federal grants and Olympic partnerships which will affect UCAN's operations.

"It is the intent of the Legislature that the Utah Department of Public Safety shall not release Federal grant funds to the Utah Communications Agency Network until UCAN's Board reconsiders in light of unanticipated Federal grants the level of service fees charged to state agencies."

No motion was made on the intent language.

4. IT Innovation Program

Lt. Gov. Olene Walker presented Telehealth information to the committee. Mr. Ball clarified the process change of appropriation bills not being heard in standing committees. Rep. Pace said that the Telehealth program is a recommendation from the Governor's office. Deb LaMarche, Assoc. Director Utah Telehealth Network and Marta Peterson, Dir. Utah Telehealth Network answered questions by the committee. Lt. Gov. Walker stated that Telehealth is the future of health care in rural Utah. It is also used by corrections and while it is not at maximum use Telehealth is growing and needs updated equipment. The Governor suggests \$435,000 one-time funding until the Telehealth task force presents its results. The Task Force will report next year following the Legislative process. Mr. Ball clarified that the governor's budget has this item in the IT Innovation fund with a sub-note for Utah tele-health network.

Alan Carlson, CIO staff, commented that the fund was used last year. Ms. LaMarche explained that Telehealth is an open network and involves not just the U of U but Shriners Hospital and others trying to connect the entire state in order to share resources. They need to address new applications such as mental health, special needs, ie. hearing problems, orthopedics, dermatology, but they are hurting in basic infrastructure such as sites and equipment. Rep. Pace commented on how this gets put on the priority List. She also commented on the needs in rural Utah and the lack of facilities when emergencies arise.

MOTION: Rep. Pace moved to recommend \$430,000 for IT Innovation Program (Telehealth) and place it on the priority list. Sen. Evans explained her vote by supporting it if the services are

extended beyond the U of U. Rep. Goodfellow requested clarification that the fund will be earmarked for this specific program. The motion passed unanimously with Rep. Curtis and Sen. Dimtrich absent at time of voting.

5. IT Infrastructure Innovation Program

Mr. Ball presented information on the IT program. This fund will pay for itself eventually but not in the first year.

MOTION: Rep. Good fellow moved to place \$500,000 for IT Innovation on the Funding Priorities List. The motion passed unanimously with Sen. Dmitrich and Rep. Curtis absent at time of voting.

The analyst also recommended intent language addressing cost and benefits measures.

MOTION: Rep. Goodfellow moved to adopt the intent language.

"It is the intent of the Legislature that the Chief Information Officer report to the Office of the Legislative Fiscal Analyst specific cost and benefit measures as well as means by which to capture future benefits prior to releasing funds provided for the Utah Technology Infrastructure Innovation Program."

The motion passed unanimously with Sen. Dmitrich and Rep. Curtis absent at time of voting.

6. DWS/DHRM Data Collection

Mr. Ball presented intent language regarding DWS/DHRM Data Collection. Both agencies could share a database to enable the public to access information online. Rep. Clark commented on the use of a web page specifically for state employees.

MOTION: Rep. Goodfellow moved to adopt the intent language,

"It is the intent of the Legislature that the Department of Human Resource Management and Workforce Services coordinate their Utah Job Match and UWORKS projects such that they leverage common elements and functions. It is further the intent of the Legislature that the agencies report to the Office of the Legislative Fiscal Analyst during the FY 2001 Interim results of their coordination efforts."

The motion passed unanimously with Sen. Dmitrich and Rep. Curtis absent at time of voting.

7. Selective Salary Increases

Mr. Ball addressed the need for an increase in salaries for information technology professionals. Utah is experiencing a high turnover and vacancy rate in IT classified jobs. The Analyst's recommendation is that the Human Resources and Economic Development subcommittee place

\$1.5 million on the funding priority list for increased salaries.

Rep. Barrus asked about customized technology systems used by the state and how long they will be used. These old systems are too expensive to replace and it is important to retain employees that can run these systems. Mr. Ball mentioned that the CIO's Office deals with replacing outdated technology. Al Sherwood, acting Chief Information Officer, addressed the issue of changing technology. It was also stated that many systems have been developed with federal money and these would be hard to replace even with web-based technology.

MOTION: Rep. Goodfellow moved that the co-chairs send a letter showing the committee's support for the recommendation and request that \$1.5 million be placed in a fund to upgrade IT employees. The motion passed unanimously with Sen. Dmitrich and Rep. Curtis absent at time of voting.

8. Highway Patrol Mobile Technology

Mr. Ball stated that the past funding for this program was \$280,000 for trooper laptops. Rep. Adair asked which Trooper sections benefit from laptops in their vehicles. Jim Matthies, Section Commander UHP Services, replied that 11 sections have them, and that there has been some federal funding in past. Troopers benefit from a reduction in time spent on paperwork and are able to increase the amount of time they are on patrol. An effectiveness comparison done in the first week of their use showed that troopers cleared a large number of warrants that would not have been cleared otherwise. Having this information online increases arrests by getting information faster than is possible through the dispatcher. Rep. Clark asked which sections would get the proposed allocation. Mr. Matthies responded that it would probably be Summit and maybe Tooele. Rep. Adair commented that the use of laptops becomes more expensive in the rural areas because communication time is more expensive.

MOTION: Rep. Adair moved to approve the analyst's recommendation that the Capital Facilities and Administrative Services Appropriations Subcommittee recommend that the Executive Offices and Criminal Justice Appropriations Subcommittee place \$280,000 on the priority list for additional trooper laptops. The motion passed unanimously with Sen. Dmitrich and Rep. Curtis absent at time of voting.

9. Higher Education Master Planning

Mr. Ball told the committee that eight of nine higher education institutions in the state need to upgrade their technology infrastructure. The problem is that there are no common data definitions across the state. If a data definition were coordinated among the institutions it would be possible for them to move toward a new technical system. The Analyst recommends \$250,000 to the Higher Education Subcommittee for IT master planning. Sen Evans commented

on the need for consistent data. Rep. Goodfellow clarified the budget figures of \$2,600,000 base funding for Higher Education Technology Initiative and an additional \$250,000 to be placed on the priority list for master planning.

MOTION: Rep. Goodfellow moved to recommend \$2.6 million and \$250,000 for Higher Education Technology Initiative. Sen. Evans and Rep. Goodfellow declared a conflict of interest. The motion passed unanimously with Reps. Adair, Curtis and Sen. Dmitrich absent at time of voting.

10. UEN (Utah Education Network) Capital Investments

Mr. Ball informed the committee that there is a need to finish infrastructure changes as broadcasters move to digital signals. By moving more applications online a reliable system is needed. If the primary system were to go down then it would be possible to continue service. The analyst's recommendation establishes ongoing money for bandwidth expansion and one-time money for purchase of equipment that would help with the conversion.

MOTION: Rep. Goodfellow moved to approve the recommendation that Higher Education add \$1,432,000 in ongoing money from the Uniform School Fund and \$3,566,800 in one-time money from the Uniform School Fund. Rep. Goodfellow further commented on UEN Partnership saving money by sharing a tower with local networks to save money. The motion passed unanimously with Reps. Adair, Curtis and Sen. Dmitrich absent at time of voting.

Sen. Evans reminded committee members to bring their laptops on Wed. to go over spreadsheets for the priority list.

MOTION: Rep. McCartney moved to adjourn. The motion passed unanimously.

Meeting adjourned at 4:25 p.m.

Minutes reported by Sharon Johnson

Sen. Beverly Evans
Committee Co-Chair

Rep. Gerry Adair
Committee Co-Chair